

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0160-02  
Bill No.: Truly Agreed To and Finally Passed HCS for SB 99  
Subject: Counties; Elections; County Officials; Judges  
Type: Original  
Date: June 7, 2013

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Bill Summary: This proposal modifies provisions relating to elections, printing of the official state manual, and tax ballot issues.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>More than \$100,000</b>	<b>More than \$100,000</b>	<b>More than \$100,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§ 11.010 and 11.025 - Official State Manual:

**Oversight** notes this provision allows the Secretary of State to enter into an agreement with a nonprofit organization to print and distribute the Official State Manual.

Officials from the **Office of the Secretary of State** assume the provision will have no fiscal impact on their organization.

#### §§ 32.087, 144.020, 144.021, 144.069, 144.071, 144.440, 144.450, 144.455, 144.525, 144.610, 144.613, and 144.615 - Local Sales and Use Tax:

In response to similar legislation filed this year, SB 182, officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed this proposal would not result in additional costs or savings to their organization.

BAP officials stated the proposal would, if enacted, impose local sales taxes on motor vehicle sales by an out-of-state seller to a Missouri buyer. The proposal would have no impact on state revenues, because of the existing state use tax. However, the proposal would increase local revenues for subdivisions that do not currently impose a use tax. The Department of Revenue may have data on any estimated increases. BAP officials noted the proposal may impact the limit imposed in Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume that it is unknown whether additional "in state" sales would be made as a result of this proposal, but the proposal would likely increase local revenues. DOR officials provided an estimate of the IT impact to implement this proposal of \$16,230 based on 600 FTE hours of programming to make changes to DOR systems.

**Oversight** assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight also assumes OA - ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION (continued)

**Oversight** notes that DOR officials did not include an estimate of any other costs associated with implementing this proposal and assumes this proposal could be implemented with existing resources and would not result in a negative fiscal impact on state sales tax.

Officials from the **Department of Natural Resources (DNR)** assume this proposal eliminates state and local use taxes on storage, use or consumption of motor vehicles, trailers, boats or outdoor motors. The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent state sales and use tax pursuant to the Constitution. The department assumes DOR would be better able to estimate the anticipated fiscal impact on state sales tax affecting the Parks and Soils Sales Tax Fund.

Officials from the **Office of Secretary of State (SOS)** assume this proposal would require local taxing jurisdictions that do not possess a local use tax, to place a local sales tax on the ballot at any election on or following the 2014 general election but no later than the general election in 2016.

SOS assumes proposal allows local taxing jurisdictions to place the measure on the ballot for any election within such time period, when this measure appears on the ballot may vary from jurisdiction to jurisdiction. Notification of such election may be a new state mandate which must be funded as additional responsibilities under Article X, section 21 of the Missouri Constitution.

SOS assumes this requirement may lead to unforeseen costs to the Secretary of State's office and local election authorities.

Officials from the **City of Kansas City** note that their organization has a local use tax; therefore, this proposal would not increase their revenues.

**Oversight** assumes this proposal would have a positive fiscal impact on local governments which currently have a sales tax but no local use tax, and are no longer able to enforce the local use tax on purchases of motor vehicles, boats, and motors outside the state of Missouri.

This proposal includes a requirement for local governments (except those in which voters have previously approved a local use tax) to hold an election to approve the repeal of the local sales tax on sales which are not subject to state sales tax. The election may be held as early as the November 2014 general election but must be held no later than the November 2016 general election. If the local government does not hold the election or if the voters approve the repeal of the local sales tax, the sales tax could not be applied to subsequent sales.

ASSUMPTION (continued)

**Oversight** assumes that the number and aggregate amount of underlying sales transaction would indicate a fiscal impact greater than \$100,000 for local governments and will include that impact in this fiscal note. Oversight has no information as to which governments would be subject to the election requirement and will indicate unknown costs for local government elections in FY 2015 and FY 2016. Oversight assumes the cumulative amount of additional revenue realized by local governments would be greater than the election costs.

§§ 67.1009 & 94.270 - Transient Guest Tax:

**Oversight** notes this provision permits certain cities and certain counties the ability to vote in a transient guest tax for promotion of the city or county respectively.

**Oversight** assumes the proposal permits the cities of Edmundson and Woodson Terrace to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night, to be used for the promotion of tourism.

For fiscal note purposes only, **Oversight** will assign no direct fiscal impact to the cities of Edmundson and Woodson Terrace since the proposal is permissive and dependent upon voter approval.

The cities of Edmundson and Woodson Terrace did not respond to Oversight's request for fiscal impact.

§ 77.030 - Council Members in 3rd Class Cities:

In response to similar legislation, HCS for SB 90, the following responded.

Officials from the **Office of Secretary of State** assume this section of the proposal would not fiscally impact their agency.

Officials at the **City of Maryland Heights** assume this section of the proposal could potentially save the City of Maryland Heights \$6,000 biannually or \$30,000 over the next ten years.

**Oversight** assumes this section of the proposal is permissive and dependent upon the passage of an ordinance or ballot proposal.

ASSUMPTION (continued)

§78.090 - Certain Third Class City Primary Elections:

In response to the similar legislation from 2013 (HB 163), officials at the **City of Monett** stated primary elections were held in 2012 and 2008 at an average cost of \$6,056. Neither primary election was needed to reduce the number of candidates required for the general municipal election in April. In the last four primary and general elections (2012, 2008, 2004, 2000), only one actually eliminated a candidate.

In response to similar legislation from 2012 (HB 1250), officials at the **City of West Plains** stated the Office of Mayor and City Councilman have 4 year terms of office. Primary elections are held each year if enough candidates have filed for the elected office. This section of the proposal would allow the city to cancel the primary if two or fewer candidates file for the elected office. The city would realize a savings if the primary is cancelled.

In response to similar legislation from 2012 (HB 1250), officials from the **Office of Secretary of State (SOS)** stated the City of West Plains and the City of Monett are the only two 3<sup>rd</sup> class cities with a commission form of government that have a primary election.

**Oversight** assumes the City of West Plains and the City of Monett may or may not choose to have a primary election for the office of mayor and councilman. The respective cities would realize minimal savings, dependent upon the cancellation of the February primary when the number of candidates that file for the office of mayor and councilman does not exceed the number required to proceed to the general election.

**Oversight** assumes this section of the proposal is permissive, and for the purpose of the fiscal note, will show no savings to the City of West Plains and the City of Monett.

§ 79.070 - Qualification of Aldermen in Cities of the Fourth Classification:

**Oversight** assumes this section of the proposal lowers the age of qualification of aldermen in cities of the fourth classification from 21 to 18 years of age. There is no fiscal impact from this section of the proposal on state or local government funds.

ASSUMPTION (continued)

§§115.003 - 115.493 - Election Laws:

In response to similar legislation from 2013 (HCS for HB 348), officials from the **St. Louis County Board of Election Commissioners (BOEC)** assumed §115.281.2 would result in labor costs of \$36,000 per countywide election because of the need of a second election specifically for absentee ballots. The BOEC must account for every election day ballot and absentee ballot separately. Without the ballot title to distinguish between the two ballots, BOEC would no longer know which paper ballot belongs to the appropriate group. Therefore, they would have to create a special election specifically for absentees and number the individual ballots. This would take an additional 4.5 weeks to program, proof and finalize an absentee election, requiring eight staff with an average pay of \$25 per hour.

BOEC assumes § 115.493 will require extending the holding period for election material to 12 to 22 months. This provision will require a significant amount of additional warehouse space.

In response to similar legislation from 2013 (HCS for HB 348), officials at **Buchanan County**, the **Kansas City Election Board** and the **Platte County Board of Election Commissioners** each assume there is no fiscal impact to their organization from this section of the proposal.

**Oversight** assumes procedures can be modified to keep ballots separate and additional costs, if any, can be absorbed.

§115.601 - Vote Recounts:

In response to similar legislation from 2013 (HB 54), officials from **Johnson County** assumed a recount would cost \$4,000 in staff and judges. However, it is unclear if a recount would ever be necessary.

In response to similar legislation from 2013 (HB 54), officials at the **Kansas City Board of Elections** assumed it costs the taxpayers in their jurisdiction between \$10,000 - \$15,000 to conduct a recount. They usually have one recount every two years. By reducing the percentage, the number of recounts and the costs should be cut in half.

In response to similar legislation from 2013 (HB 54), officials at the **St. Louis County Board of Election Commissioners** assumed that between 2006 and 2012 they had 16 recounts. If this lower percentage had been in place at that time 37% fewer recounts would have occurred for a

ASSUMPTION (continued)

savings of \$4,900.

It is impossible to determine if recount votes would be needed in the future, therefore, **Oversight** will reflect a \$0 or Unknown savings (recounts not needed due to the provisions of this section of the proposal) to local election authorities.

§§ 473.730, 473.733, and 473.737 - St. Louis City Public Administrator:

**Oversight** assumes this section of the proposal will require the St. Louis City public administrator to be appointed by a majority of the circuit and associate circuit judges of the 22nd judicial circuit.

**Oversight** assumes this section of the proposal would result in no direct fiscal impact on St. Louis City.

Bill as a Whole:

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Conservation, Missouri Tax Commission, Platte County Board of Elections, and Parkway School District** each assume the proposal would not fiscally impact their respective agencies.



<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**LOCAL ELECTION AUTHORITY FUNDS**

Savings - Local Election Authorities

§ 115.601 - no longer needing to do a recount because of change in percentage      \$0 or Unknown      \$0 or Unknown      \$0 or Unknown

Additional Revenue - Motor Vehicle Sales Tax - §§ 32.087 and 144.020 - 144.615      More than \$100,000      More than \$100,000      More than \$100,000

Costs - Elections - §§ 32.087 and 144.020 - 144.615      \$0      (Unknown)      (Unknown)

**ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITY FUNDS**      **More than \$100,000**      **More than \$100,000**      **More than \$100,000**

FISCAL IMPACT - Small Business

§§ 32.087, 144.020, 144.021, 144.069, 144.071, 144.440, 144.450, 144.455, 144.525, 144.610, 144.613, and 144.615 - Local Sales and Use Tax:

Small businesses, in areas of the state that do not have a local use tax, that sell motor vehicles, trailers, boats, and/or outboard motors could be positively impacted by this proposal.

## FISCAL DESCRIPTION

§§ 32.087, 144.020, 144.021, 144.069, 144.071, 144.440, 144.450, 144.455, 144.525, 144.610, 144.613, and 144.615 - Local Sales and Use Tax:

This proposal would prohibit counties and municipalities from imposing a local use tax on the sale of motor vehicles, trailers, boats, or outboard motors. Local sales taxes would be imposed on the sale of all such items, regardless of whether the item was purchased in Missouri. The residence of the purchaser would be used to determine what local tax rate would apply.

The rate of tax for motor vehicles, trailers, boats, or outboard motors sold at retail would be the sum of the state sales tax and the local sales tax. The rate of tax for all other sales of such items would be the sum of the state highway use tax and the local sales tax.

Local governments that have not previously approved a local use tax must submit to the voters a proposition whether to discontinue collecting sales tax on non-retail sales of motor vehicles. If a local government does not hold such a vote before November 2016, the local government could no longer collect the sales tax.

Local governments may submit a proposition to the voters at any time to repeal the tax. The proposal would require a repeal vote of the people any time 15% of the registered voters in a taxing jurisdiction sign a petition requesting such election.

### §115.601 - Vote Recounts:

In a case where a candidate filed or a ballot question was originally filed with the Secretary of State, this section of the proposal changes when the candidate or the person whose position on a ballot question was defeated must be allowed a recount of the votes from a standard requiring the candidate's or the ballot question's defeat by less than 1% of the votes cast to a defeat by less than one-half of 1% of the votes cast.

§§ 32.087, 144.020, 144.021, 144.069, 144.071, 144.440, 144.450, 144.455, 144.525, 144.610, 144.613, 144.615 of the proposal have a nonseverability clause which is listed in section 1.

§§ 32.087, 144.020, 144.021, 144.069, 144.071, 144.440, 144.450, 144.455, 144.525, 144.610, 144.613, 144.615 and section 1 of the proposal have an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

KB:LR:OD

SOURCES OF INFORMATION

Office of Secretary of State  
Department of Revenue  
Department of Natural Resources  
Office of Administration - Division of Budget and Planning  
Department of Conservation  
Missouri Tax Commission  
City of Kansas City  
City of Kansas City Election Board  
City of Maryland Heights  
City of Monett  
City of West Plains  
St. Louis County Board of Election Commissioners  
Platte County Board of Election Commission  
Buchanan County  
Johnson County  
Parkway School District

Not Responding:

City of Edmundson  
City of Woodson Terrace



Ross Strope  
Acting Director  
June 7, 2013